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June 22, 1994

Commissioner Reed Hundt  
Federal Communications Commission  
1919 M. St., NW  
Washington, D.C. 20554

Dear Commissioner Hundt,

On June 17th we sent to you a position paper on the Small Business, Women, Minority, and Rural Telephone set aside. Our position was reiterated to Commissioner Chong in a meeting today. It appears the Designated Entities have achieved a tremendous opportunity through the efforts of the Federal Communications Commission to take part in the evolving telecommunications future.

In our letter to Commissioner Chong (refer to Page two of the attached letter) related to equity positions in the limited partnerships established to operate the PCS networks we stated that for a SWMR to act as a general partner they must have the ability to transfer the title to the partnership as collateral. In our discussions with other potential PCS partners most believe for the partnership to function and make sense financially the general partner should only maintain a greater equity percentage than the largest limited partner. We also believe that the limited partners should be capped at less than 25% ownership in order to truly give the Designated Entity management control in the partnership. For an example if there were three partners plus a Designated Entity general partner the general would have to have at least 25.1% ownership.

We believe that restricting partners to less than 25% and requiring the Designated Entities have control of a greater percentage than the largest limited partner the Designated Entity can be competitive in PCS markets and have the benefit of strong financial partners (i.e. - cable and utility companies) capable of truly competing against the established telecommunications giants.

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**Thank you for your ongoing support of the Designated Entities in the upcoming telecommunications revolution.**

Sincerely,

*Dave Lakin*

**BG/dl**

cc: Bill Kennard  
Bob Pepper  
William Keeton



**VLA FACSIMILE**  
**NO: (202) 418-2821**

I am writing to you on behalf of Encompass, Inc., a qualified small business with the goal of being a PCS operator. We have been very impressed with your quick absorption of the PCS business and your understanding of the government's goals. In addition, your comments at the June 13th meeting of the FCC's Small Business Advisory Council were very encouraging.

- We have been awarded a high six figure contract by a large telecommunications equipment vendor to run PCS financial/marketing/engineering models and to study how some of their technology would fit in a PCS network.
- We have been awarded two contracts by another large telecom vendor totaling in the high six figures for PCS market and technology studies.
- We have been awarded a mid six figure contract by a Pioneer Preference Awardee to help with their PCS/RFP for wireless communications.
- We are one of seven founding members of GPAG, the GSM PCS Advisory Group, along with MCI, Pacific Telesis, APC, Cox, Bell South and others. This group was formed to promote the GSM PCS standard in the United States.
- We were incorporated in 1993 for the exclusive purpose of dealing with PCS in the United States market. Our officers and employees have many years of experience in the wireless market. Past employers among our employees include Motorola, Bell South, Bell Atlantic, Cincinnati Bell, Northern Telecom, MCI and others. We have come across no one with our experience and



expertise in PCS outside of AT&T, MCI and the Bell Operating Companies. With a PCS group of 15, we feel we are comparable or superior to some of these well-established telecommunications firms regarding PCS.

In short, we believe we are one of the most qualified small business PCS companies. If we are having trouble realizing our goal of being a PCS operator, every small business in America will face the same fate. This is completely inconsistent with the Congressional directive issued in Section 6002 of the Budget Reconciliation Act which sets a goal of "... avoiding excessive concentrations of licenses and by disseminating licenses among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women."

What can be done? By definition, telecommunications is capital intensive. Small business needs help to attract capital to fulfill the government's four goals of universality, speed of development, diversity of services and competitive delivery. Specifically, we see the need for the following:

- A SWMR (small business, woman-owned, minority-owned, rural telco) set aside for one of the 30 MHz bands at the BTA level.
- A bid credit of at least 35% for SWMRs.
- Financing help such that licenses won at auction by SWMRs may be financed over ten years at no interest. This is critical. The lottery process of the cellular market meant that no money was necessary for immediate entry into the market. This is the current standard used by manufacturers to finance PCS hopefuls. Financing for auction amounts are not envisioned by manufacturers. A lack of capital for auction licenses is the missing piece of the puzzle for SWMRs. The ten year no interest amortization would help significantly.
- Ability for a SWMR to act as a general partner in a limited partnership with other financial partners and have the ability to transfer the licenses as collateral.

We would very much like the opportunity to meet with you if possible to further detail these issues from a small business perspective. We will contact your office to see when such a meeting might be convenient to you.

Sincerely,

Christopher P. Dettmar  
Chief Financial Officer

CPD/psw